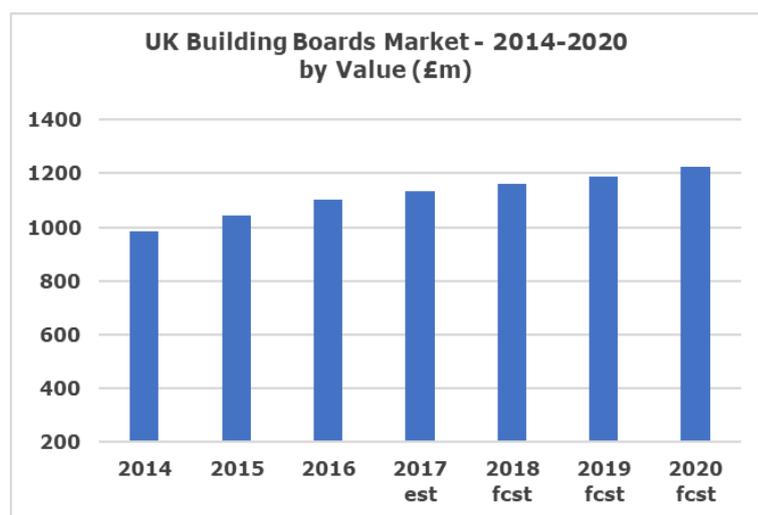




PRESS RELEASE

High performance products drive value growth in the UK building boards market

May 2018 – Cheltenham, UK



The market for building boards in the UK was estimated to be worth just over £1.1bn at manufacturers selling prices in 2017. Products included in AMA's definition are; rigid and semi-rigid polymer boards, gypsum plasterboards and specialist building boards. The building boards market showed substantial growth between 2014 and 2016, with average annual rates of 6%, however, 2017/18 has seen some slowing of growth in construction activity leading to more modest growth in demand for building boards.

Source: AMA Research Ltd/Trade Estimates

Demand for rigid polymer insulation, drylining and specialist boards is largely driven by developments in new housing, commercial newbuild and, to a lesser extent, domestic extensions, loft conversions and non-domestic refurbishment. In 2017, demand was impacted by some slowing down in housebuilding growth rates and non-residential new work, particularly in the offices sector, in large part due to the uncertainty surrounding the Brexit process that has affected the timing of business investment decisions.

As a result, volume sales of building boards have been constrained, contributing towards a slowdown in overall sales growth in 2017. However, this relatively low volume growth has been partly offset by a rise in average prices due to a shift towards higher specification drylining, thermal insulation and fire protection boards. This, in turn, is being driven by ever-tighter building regulation requirements and the need for products offering higher levels of performance with regards to fire safety and building insulation - both thermal and acoustic.

Factors driving market growth include the trend towards specifying more value-added, higher performance, products in preference to standard alternatives and the increasing use of newer methods of accelerated construction, including timber frame building and offsite modular construction, which favour the use of higher performance insulation, lining or sheathing boards.

In terms of end use applications, it is estimated that nearly half of all boards are used as permanent partitions in commercial and public access buildings, and internal walls in dwellings, with nearly a third used for the internal faces of outside walls, mostly on new dwellings. There is also a significant volume of boards supplied direct to manufacturers of offsite building systems. These include suppliers of volumetric units and closed panel timber frame and steel frame systems whereby drylining and sheathing boards are fixed at the point of manufacture.

Specialist distributors account for the largest distribution share of the building boards market, and primarily supply products direct to the trade for commercial and volume housebuilding schemes, although they also supply smaller builders' merchants. Builders' merchants account for the next largest market share and mainly depend on sales to the trade operating within the RMI and small building sectors. The direct sales sector also has a notable share, mainly comprising of offsite manufacturers they predominantly supply timber and light steel building systems and volumetric modular buildings.

Forecasts are for steady growth of around 3% per annum through to 2022, reflecting modest growth prospects in the construction industry. This assumption is based on indications that demand for value-added boards and accelerated construction methods will continue to increase, but that overall market growth will remain modest. However, impacts from political or economic events, particularly those relating to the UK's departure from the EU, mean that the prospects for construction output remain clouded by uncertainty.

The '**Building Boards Market Report – UK 2018-2022**' report is available now and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.

Editors Note:

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